

## Message Text

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TO USDEL LOS ANGELES IMMEDIATE

C O N F I D E N T I A L STATE 016937

TOSEC 007

FOLLOWING REPEAT CAIRO 0837 ACTION SECSTATE DTD 23 JAN

QTE

C O N F I D E N T I A L CAIRO 0837

EO 11652: GDS

TAGS: PFOR EG US

SUBJECT: CODEL INOUE MEETING WITH PRESIDENT

SADAT

1. SENATORS INOUE AND MATHIAS MET WITH PRESIDENT SADAT ON JAN 21 IN ASWAN FOR ABOUT AN HOUR. AMBASSADOR WAS PRESENT AND INTRODUCED SENATORS. FOLLOWING SUMMARIZES HIGHLIGHTS OF MEETING:

2. INTRODUCTION: AFTER THE PRESIDENT HAD WARMLY WELCOMED THE SENATORS, SENATOR INOUE EXPLAINED THEY WERE MEMBERS OF THE SUBCOMMITTEE ON FOREIGN OPERATIONS OF THE SENATE APPROPRIATIONS COMMITTEE. SENATOR INOUE WAS CHAIRMAN OF THAT SUBCOMMITTEE. RECOGNIZING THE IMPORTANT ROLE THAT THE PRESIDENT AND EGYPT ARE PLAYING, THEY HAD LOOKED  
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FORWARD TO THE OPPORTUNITY TO MEET AND TALK WITH HIM. CODEL

HAD BEEN HOSPITABLY TREATED BY THE EGYPTIAN OFFICIALS AND PEOPLE DURING THEIR SEVERAL DAYS IN EGYPT AND HAD SEEN AND LEARNED A GREAT DEAL. THEY WERE GRATEFUL FOR THEIR RECEPTION IN EGYPT AND WOULD BE SUBMITTING NOT ONLY AN UNCLASSIFIED, BUT A CLASSIFIED REPORT TO THE SENATE ON THEIR FINDINGS DURING CURRENT TRIP.

3. ECONOMIC ASSISTANCE: STATING THERE MIGHT BE SOME MIS-UNDERSTANDING ABOUT US ECONOMIC ASSISTANCE PROCESSES, CODEL EXPLAINED THAT, SINCE APPROPRIATIONS BILL NOT YET BEEN ENACTED PRIOR TO ADJOURNMENT LAST CONGRESS, THE UNUSUAL STEP HAD BEEN TAKEN OF INCLUDING DOLLARS 150 MILLION OF THE PROMISED \$250 MILLION ECONOMIC AID FOR EGYPT IN THE CONTINUING RESOLUTION. THE LATTER EXPIRES ON FEBRUARY 28. THE REMAINING \$100 MILLION, CODEL INDICATED, WOULD THEN BE APPROPRIATED FOR THE REST OF THE FISCAL YEAR. CODEL EMPHASISED THAT CONGRESS UNDERSTANDS KEY ROLE OF EGYPT AND WANTS TO GIVE ALL FEASIBLE SUPPORT. THE PRESIDENT EXPRESSED HIS DEEP APPRECIATION FOR US HELP. REFERRING TO EGYPT'S BADLY NEGLECTED INFRA-STRUCTURE, THE PRESIDENT SAID HE WILL WANT TO CALL ON THE US FOR MORE ECONOMIC ASSISTANCE IN ORDER TO PERMIT NEEDED ECONOMIC DEVELOPMENT AND TO MEET THE URGENT NEEDS OF THE EGYPTIAN PEOPLE.

4. MIDDLE EAST SITUATION: THE PRESIDENT SAID HE WISHED TO BRIEF CODEL ON THE CURRENT AREA SITUATION. AFTER AN INITIAL SUCCESSFUL START, THE PACE OF PEACE MAKING EFFORTS HAD APPRECIABLE SLACKENED DUE IN PART TO LAST SUMMER'S US PRESIDENTIAL PROBLEMS. IT WAS TIME TO ACCELERATE THEM ONCE AGAIN, HE DESCRIBED THE AREA SITUATION AS A TIME BOMB WHICH MUST BE DEFUSED IN NEXT FEW MONTHS IF IT IS NOT TO BLOW-UP. THE PRESIDENT SPOKE OF HIS CONFIDENCE IN PRESIDENT FORD AND SECRETARY KISSINGER AND RECALLED THEY HAD HONORED THEIR COMMITMENTS TO HIM. THE SECRETARY HAD NEVER PROMISED WHAT HE COULD NOT ACHIEVE. HE REMAINED HOPEFUL THAT THE EFFORTS OF PRESIDENT FORD AND SECRETARY KISSINGER WILL SUCCEED IN EXPEDITIOUSLY MOVING THINGS FORWARD.

5. ISRAEL: THE PRESIDENT NOTED THAT HE HAD PUBLICLY STATED HIS READINESS TO SIGN A PEACE AGREEMENT WITH  
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ISRAEL AT SUCH TIME AS THE ISRAELIS WITHDRAW FROM OCCUPIED ARAB TERRITORIES. ISRAEL, HE CONTENDED, GETS EVERYTHING FROM THE UNITED STATES. HE WAS NOT ASKING THE US TO ABANDON ISRAEL, WHICH HE RECOGNIZED IS IMPOSSIBLE, BUT ONLY THAT USG ACT FAIRLY TO ALL PARTIES INVOLVED. CODEL OBSERVED THAT THERE IS GROWING DISILLUSIONMENT IN THE US WITH FOREIGN AID AND ISRAEL SHOULD NOT BELIEVE THAT AMERICANS WILL AUTOMATICALLY GIVE SUPPORT IF ISRAEL ENGAGES IN PREEMPTIVE STRIKE. CODEL

SAID IT WOULD SO INDICATE IN ISRAEL. THE PRESIDENT THOUGHT THIS WAS A GOOD SIGN.

6. EGYPTIAN INTENTIONS: REFERRING TO ISRAEL, THE PRESIDENT RECALLED HE HAD AS EARLY AS 1971 SPOKEN OF GOING TO WAR WITH ISRAEL IF THE ISRAELIS CONTINUED TO BE ADMANANT IN REFUSING TO WITHDRAW. NO ONE HAD BELIEVED HIM AT THE TIME, BUT HE HAD DONE SO IN OCTOBER 1973. THIS DEMONSTRATED THAT HE IS TRUE TO HIS WORD. IN THIS CONTEXT, THE PRESIDENT STATED HE WILL NOT RPT NOT ATTACK ISRAEL AND EXPRESSED THE VIEW THAT SYRIA ALSO WILL NOT DO SO. SYRIA, HE CONTENTED, IS UNABLE TO DO SO BECAUSE IT OPERATES WITH THE GOE IN A JOINT MILITARY COMMAND. SHOULD SYRIA BE ATTACKED, HE WOULD HAVE TO COME TO SYRIA'S ASSISTANCE. THE PRESIDENT STATED HE FEARS ISRAEL MAY LAUNCH AN ATTACK ON EITHER SYRIA OR EGYPT.

7. RELATIONS WITH SOVIETS: THE PRESIDENT RECOUNTED HIS STRAINED RELATIONSHIP WITH THE SOVIETS. IN CONTRAST TO SYRIA, WHICH HAS RECEIVED REPLACEMENTS FOR ALL ARMS LOST IN THE OCTOBER '73 WAR, HE HAS GOTTEN NO SUCH REPLACEMENT ARMS. HE RECALLED THE SOVIETS HAD CANCELLED FAHMY'S VISIT LAST JULY AND RESCHEDULED IT LAST OCTOBER AT WHICH TIME THEY ANNOUNCED THAT BREZHNEV WOULD COME TO CAIRO. IN LATE DECEMBER, WHEN FAHMY AND GAMASY WENT TO MOSCOW ON SOVIET INVITATION, THE SOVIETS ANNOUNCED THAT BREZHNEV'S VISIT WAS INDEFINITELY IOSTPONED. THE POSTPONEMENT IS DUE PARTLY TO BREZHNEV'S ILLNESS(PNEUMONIA), BUT ALSO CLOAKS SOVIET DISPLEASURE WITH THE PRESIDENT'S POLICY OF WANTING TO WORK WITH THE USG IN A STEP-BY-STEP APPROACH. HE HAD ASKED THE SOVIETS FOR A TEN YEAR GRACE PERIOD ON REPAYMENT OF EGYPTIAN DEBTS ALONG THE SAME LINES AS THAT THEY HAD ALREADY GRANTED TO SYRIA. IN 1974 HE WAS REQUIRED TO PAY 80 MILLION EGYPTIAN POUNDS TO THE SOVIETS ON EXISTING  
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DEBTS. THSY HAD IN FACT DEMANDED OVER 100 MILLION EGYPTIAN POUNDS. IN EGYPT'S CURRENT STRAITENED ECONOMIC SITUATION HE COULD NOT PAY THIS AMOUNT AGAIN. SOME DEBT RELIEF WAS NEEDED. BY PUCLICLY EXPOSING THE SOVIET FAILURE TO ASSIST EGYPT, HE HAD AGAIN INCURRED THEIR WRATH. UNLESS THE SOVIETS CHANGE, HE THOUGHT A SHOWDOWN WITH THEM WAS LIKELY IN JUNE, BUT HE WAS DETERMINED TO STAND UP FOR EGYPT'S INDEPEN-  
DENCE.

8. US ARMS: THE PRESIDENT SAID HE WOULD LIKE TO GET ARMS FROM THE US AND HOPED THAT IT MIGHT IN DUE COURSE BE POSSIBLE TO DO SO.

9. COMMENT: T E MEETING WAS CORDIAL AND APPRECIATED BY BOTH SIDES. THE PRESIDENT MADE A POSITIVE IMPRESSION

ON CODEL, AND IN TURN AFTERWARDS COMMENTED TO AMBASSADOR  
IN GLOWING TERMS ABOUT THOUGHTFULNESS, KNOWLEDGABILITY AND  
SENSE OF BALANCE AND FAIR PLAY DEMONSTRETED IN SENATORS  
INOUE'S AND MATHIAS' COMMENTS AND INTEREST IN EGYPT. VISIT  
OF CODEL INOUE WAS A DISTINCT PLUS IN OUR RELATIONS WITH  
EGYPT.  
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